

Message Text

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TAGS: ENRG, ETRD, ECON, EEC

SUBJ: EURO-ARAB COOPERATION: A NEW RELATIONSHIP?

REF: A) EC BRUSSELS 520; B) EC BRUSSELS 1352

1. SUMMARY: THE PROSPECT OF A NEW EC-ARAB DIALOGUE
WOULD REPRESENT A POSSIBLE NEW OVERLAY IN ALREADY
OVERLAPPING RELATIONSHIPS BETWEEN THE EUROPEAN
COMMUNITY AND COUNTRIES IN THE MEDITERRANEAN AND
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MIDDLE EAST AREA. SEVEN ARAB COUNTRIES IN THE

MEDITERRANEAN BASIN, PLUS JORDAN, ARE ALREADY ELIGIBLE FOR SPECIAL TREATMENT UNDER THE EC'S "GLOBAL MEDITERRANEAN POLICY." THREE OTHER ARAB COUNTRIES (MAURITANIA, THE SUDAN AND SOMALIA) ARE PRESENTLY NEGOTIATING WITH THE EC IN THE CONTEXT OF THE RENEWAL AND GEOGRAPHIC EXTENSION OF THE YAOUNDE CONVENTION. IN JANUARY, THE COMMISSION PREPARED PROPOSALS FOR COOPERATION AGREEMENTS WITH THE OIL-PRODUCING STATES (REFTEL A) AND ON MARCH 4 THE EC FOREIGN MINISTERS, MEETING OUTSIDE THE EC INSTITUTIONS, ENDORSED PROPOSALS BY THEIR POLITICAL DIRECTORS FOR AN "EC-ARAB" DIALOGUE (REFTEL B). THE RELATIONSHIP BETWEEN THE VARIOUS EC INITIATIVES MENTIONED ABOVE HAS YET TO BE SORTED OUT. END SUMMARY.

3. IN THE MEDITERRANEAN AREA, FOUR ARAB COUNTRIES CURRENTLY HAVE PREFERENTIAL TRADE AGREEMENTS WITH THE EC. THESE AGREEMENTS PRE-DATE THE DEVELOPMENT OF THE SO-CALLED "GLOBAL MEDITERRANEAN POLICY" WHICH WAS CONCEIVED IN 1972 AS AN ATTEMPT TO HARMONIZE COMMUNITY ECONOMIC POLICY TOWARD ALL THE COUNTRIES IN THE MEDITERRANEAN BASIN. THE "GLOBAL" POLICY, SOME OF THE DETAILS OF WHICH ARE STILL UNDECIDED, WOULD, IN GENERAL, OFFER MEDITERRANEAN COUNTRIES INCREASED PREFERENTIAL TRADE ACCESS TO THE COMMUNITY ON ALMOST ALL INDUSTRIAL PRODUCTS AND ON SOME AGRICULTURAL PRODUCTS, E.G. CITRUS AND OTHER FRUITS AND VEGETABLES. (THE EC HAS NOT YET DECIDED HOW IT WOULD HANDLE THE "REVERSE PREFERENCES" OR TRADE RECIPROCITY ISSUE FOR THE ARAB COUNTRIES ALONG THE SOUTHERN AND EASTERN BORDER OF THE MEDITERRANEAN.) THE "GLOBAL" POLICY ALSO INCLUDES, FOR THE POORER ARAB COUNTRIES, FINANCIAL COOPERATION WITH EMPHASIS ON SOFT LOANS RATHER THAN GRANTS. INDUSTRIAL COOPERATION WOULD ALSO BE INVOLVED AND, IN SOME CASES, LINKED TO RAW MATERIAL SUPPLY GUARANTEES. FINALLY, THIS POLICY CALLS FOR MORE LIBERAL EMPLOYMENT, SOCIAL SECURITY AND PENSION RIGHTS FOR MEDITERRANEAN WORKERS EMPLOYED IN THE EC.

3. NEGOTIATIONS UNDER THE "GLOBAL" POLICY ARE CURRENTLY UNDER WAY WITH THREE ARAB COUNTRIES: MOROCCO, TUNISIA LIMITED OFFICIAL USE

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AND ALGERIA. SIMILAR NEGOTIATIONS ARE UNDER WAY WITH SPAIN AND ISRAEL, WHICH ALSO HAVE PREFERENTIAL TRADE AGREEMENTS WITH THE EC ALSO PRE-DATING THE "GLOBAL" POLICY. ONCE THESE NEGOTIATIONS ARE CONCLUDED. THE COMMUNITY IS EXPECTED TO RENEGOTIATE THE CURRENT AGREEMENTS WITH EGYPT AND LEBANON ALONG SIMILAR LINES. JORDAN HAS ALREADY REQUESTED NEGOTIATIONS WITH THE COMMUNITY. SYRIA HAS ALSO EXPRESSED SOME INTEREST IN AN AGREEMENT

AND EC COMMISSIONER CHEYSSON WILL VISIT DAMASCUS SHORTLY FOR PRELIMINARY DISCUSSIONS. LIBYA REMAINS A HOLDOUT WITH RESPECT TO AN AGREEMENT WITH THE EC.

4. THREE OTHER ARAB COUNTRIES (MAURITANIA, THE SUDAN AND SOMALIA) ARE CURRENTLY INVOLVED IN THE NEGOTIATIONS BETWEEN THE EC AND THE AFRICAN, CARIBBEAN AND PACIFIC ASSOCIATED AND ASSOCIABLE COUNTRIES. THESE NEGOTIATIONS ARE STILL AT AN EARLY STAGE, BUT THE EVENTUAL AGREEMENTS WILL UNDOUBTEDLY INCLUDE PREFERENTIAL TRADE ACCESS TO THE COMMUNITY, A SUBSTANTIAL FINANCIAL AID PROGRAM WITH A LARGE GRANT COMPONENT, PROBABLY SOME SPECIAL COMMODITY ARRANGEMENTS TO STABILIZE EXPORT RECEIPTS AND MORE ELABORATE INSTITUTIONAL ARRANGEMENTS THAN EXIST IN OTHER EC ARRANGEMENTS WITH THIRD COUNTRIES.

5. THE ENERGY CRISIS AND THE MIDDLE EAST SITUATION IN LATE 1973 HAS LED TO TWO ADDITIONAL EC INITIATIVES RELATED TO ARAB COUNTRIES. ONE, PUT FORWARD BY THE COMMISSION, COVERS EC COOPERATION WITH THE OIL-PRODUCING COUNTRIES. THE OTHER, DEVELOPED BY THE EC'S POLITICAL COMMITTEE, DEALS WITH EC COOPERATION WITH THE ARAB LEAGUE PLUS SOMALIA.

6. THE COMMISSION PROPOSALS COVERING COOPERATION WITH THE OIL-PRODUCING COUNTRIES REPRESENTS A LINE OF THINKING THAT HAS BEEN DEVELOPING IN THE EC COMMISSION OVER SEVERAL YEARS. IT IS PRIMARILY DIRECTED TOWARD THE MIDDLE EAST BUT COULD THEORETICALLY INCLUDE OIL-PRODUCING COUNTRIES AS DIVERSE AS INDONESIA AND VENEZUELA. THE COMMISSION'S PRESENT PROPOSALS WOULD EXCLUDE PREFERENTIAL TRADE AS A COMPONENT OF SUCH COOPERATION. TRADE PROBLEMS WOULD PRIMARILY BE HANDLED THROUGH THE LIMITED OFFICIAL USE

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COMMUNITY'S GSP. EMPHASIS WOULD BE PLACED ON INDUSTRIAL COOPERATION, CROSS INVESTMENT, PETROLEUM SUPPLY GUARANTEES AND INVESTMENT GUARANTEES. FINANCIAL AID WOULD, IN MOST CASES, BE EXCLUDED.

7. EC-ARAB COOPERATION, AS FORESEEN IN THE PAPER DEVELOPED BY THE EC POLITICAL DIRECTORS AND APPROVED IN BRUSSELS ON MARCH 4, IS COUCHED IN GENERAL TERMS AND IS LESS CONCRETE. IT HOLDS OUT THE POSSIBILITY OF COOPERATION IN VARIOUS SECTORS--INDUSTRY, AGRICULTURE, ENERGY, FINANCIAL, RAW MATERIALS, SCIENCE AND TECHNOLOGY. IT LEAVES UNDEFINED THE LINES TO BE DRAWN BETWEEN BILATERAL AND COMMUNITY COOPERATION WITH THE ARABS AND THE RELATIONSHIP BETWEEN THIS COOPERATION AND OTHER EC INITIATIVES, SUCH AS THOSE IN THE MEDITERRANEAN WHICH

ALSO INVOLVE CERTAIN ARAB STATES.

8. FRG FOREIGN MINISTER SCHEEL TOLD A PRESS CONFERENCE ON MARCH 4, THE COMMUNITY'S POLITICAL INITIATIVE VIS-A-VIS ARABS SHOULD PLAY A COMPLEMENTARY ROLE WITH EC MEDITERRANEAN POLICY. EC COMMISSION SOURCES NOTE, HOWEVER, THAT INTERNAL DISCUSSIONS ON THE POLITICAL INITIATIVE WERE CARRIED ON WITH ONLY MARGINAL CONSIDERATION OF MEDITERRANEAN POLICY AND ONLY LIMITED PARTICIPATION OF SENIOR COMMISSION OFFICIALS. OUR COMMISSION SOURCES ACKNOWLEDGE THE PRESENT CONFUSION. THEY ARE LEERY OF THE EXTENT TO WHICH THE EC WILL BE ABLE TO DIFFERENTIATE BETWEEN, FOR EXAMPLE, THE MEDITERRANEAN ARABS AND THE ARAB OIL PRODUCERS. THEY ALSO FORESEE SOME INEVITABLE FOLDING TOGETHER OF IDEAS--PERHAPS IN THE FIRST INSTANCE BETWEEN THOSE IN THE COMMISSION'S PROPOSALS FOR COOPERATION WITH THE OIL PRODUCERS AND THE COOPERATION FORESEEN IN THE EC-ARAB INITIATIVE OF MARCH 4.
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